



PM TRADE
Acquisition Development Seminar

CAPPMIS – 2 CLPs
"Industry Panel 2"

Understanding Our Industrial Base

Unintended Consequences in Developing and Releasing RFPs

3 November 2011

PM TRADE Panel Introductions



1

Al Funderburk
Vice President & Operations Manager
Systems & Technology Solutions
Business Unit
SAIC

Brian Domian
Director
Business
Development
Saab Training USA

BD Planning & Forecasting

2

Roger McNicholas
Business Area Manager
Live Training Systems
General Dynamics C4 Systems

John Olson
Director
Business Development
Inter-Coastal
Electronics
(Small Business)

IR&D

3

Mark Saturno
Sr. Business Development
Director
Cubic Defense Applications

Wayne Cline
Booz Allen and
Hamilton
Live, Virtual
Acquisition
LVC Program
Manager

Proposal Planning & Teaming

4

Tony L Bradley
Business Development,
US Army Training Solutions
Lockheed Martin Global Training &
Logistics

Barry Clinger
Chief Technology Officer
Riptide Software
(Small Business)

Proposal Development

Industry Survey of PM TRADE Issues
(as of Sep 2010)



- ✓ ***Tiger Team Interviewed 11 Major PM TRADE contractors***
  - *9 large business and 2 small business*

- ✓ **Not Surprisingly - Consistent message from all contractors interviewed**

- ✓ **Level of Frustration <u>Higher than Anticipated</u>**



Industry's Major Areas of Concern:

1. **<u>Consistency</u>:** ***Unpredictable timelines and process across programs***
2. **<u>Information</u>:** ***Not enough / inconsistent Industry interface during Sources Sought & Requirements Development***
3. **<u>Business Decisions</u>:** ***Sources Sought/Draft Requirements Docs. do not include Business Case information (draft B, L, M)***
4. **<u>Industry Base</u>:** ***Cost of Proposals, impacts growing an Industry Base***

Panel Discussion Objectives



See the Proble m

1. Have an appreciation for our Industry Base Processes, Timelines, and Constraints in responding to our RFPs.

Understan d the Problem

2. Recognize the need for PM TRADE RFP product and process consistency resulting in higher quality RFPs & Timely Release of Information.

Solve the Proble m

3. Take individual ownership in every step of the process to improve our products

Rules of Engagement



- **No Knives**
- **No Guns**
- **No Hand Grenades**
- **No Attitudes**
- **No Slimy Contractor Jokes**

Panel will be blunt, passionate, and respectful in their discussion to convey key points.

- ✓ **<u>Yes, Please Ask Questions!</u>**

Project Teams…. do these sound familiar?



… Ever feel rushed to put a draft or final RFP on the street?

… Ever have to change your Acquisition Strategy?

… Ever have major RFP changes from Draft to Final?

… Ever postpone release of a draft or final RFP?

… Ever have requirements changes mid-stream?

… Ever release a draft and final RFP back to back?

… Ever release a draft and final several months apart?

… Ever have weeks on end before releasing answers to RFP questions?

… Ever provide vague or delayed answers to industry questions?

… Ever have key team members reassigned…. new team = new "ideas"?

… Ever publish your contract ceiling as the program budget?

… Ever ask for CLINs or CDRLs you really didn't need?

… Ever release a draft or final RFP before the holidays?

… Ever provide/brief inaccurate or incomplete TSIS slides?

resentation Format Follows Industry's usiness Capture Cycle



Timeframe	Phase	Presenters
1, 2, 3 Years	BD Planning & Forecasting	1 Brian Domian Al Funderburk
2-3 Years	IR&D	2 Roger McNicholas John Olson
6-12 Month s	Proposal Planning & Teaming	3 Wayne Cline Mark Saturno
2-3 Month s	Proposal Developme nt	4 Tony Bradley Barry Clinger



Industry Business Development Planning Cycle



2012												201												201											
J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D

<u>Executing</u>
Current Year Programs

- **Program Performance**
- **Quarterly Revenue Goals**
- **Quarterly Award Goals**
- **IR&D Progression**
- **Living within rate structures**

<u>Planning</u>
Next Year's Programs

- **Building Internal Operating Budget Based on Probability of Win**
- **Direct Costs**
  - **Staffing Levels -/+**
- **Indirect**
  - **Bid & Proposal Funding** ***(How many proposals can we afford)***
  - **IR&D Funding – ROI**
  - **Rate adjustments**

<u>Forecasting</u>
Two Year's Out

- **Identifying Programs of Interest**
- **IR&D Objectives**
- **Annual Revenue**
- **Annual Profit**



Industry Business Rhythm



AN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC

Q2 Q3 Q4

Revenue

Revenue

Program X RFP Expected

Program X RFP Slips

B&P Package X

B&P Package X + Y

Engineering Bench

Line Execution
- Quarterly Revenue Goals
- Quarterly Award Goals
- IR&D Progression

Revenue Drives
- Staffing Levels
- Indirect Generation
  - Bid & Proposal Funding
  - IR&D Funding

ute *– Current year programs*

FY Planning Guidance (Corporate)
- Revenue Targets
- Profit Targets
- IR&D Priorities

g resources, budgets, and schedules for next year's work

QUARTERLY REPORTS
- To Corporate
- Corporate to Wall Street

Line Forecast
- Annual Revenue
- Annual Profit
- IR&D Objectives

st

ng Future Business Opportunities 2-5 years in Future



Schedule Planning is Paramount



- **Industry must meet quarterly and annual plans … reductions cause reduction to quarterly and annual reports or projections to Wall Street**
  - De-rate opportunities substantially based on percentage of win
  - Qualify the customer

- **Changes to anticipated RFP releases, award delays, protests … all equal delays in revenue and additional costs to maintain staff**
  - Over time these costs are added back into rates … more cost to the USG assuming the industry member survives
  - Resource planning becomes chaotic
  - Impacts organizational credibility
  - Ultimate concern becomes reduction of industry base … less technology and less competition



Growth – The Lifeblood of Industry



The major metric by which any company or manager is measured is growth

- Key to growth is new opportunities
- New opportunities can only be achieved by entering new areas
  - Hiring new staff
  - IR&D
  - Mergers & Acquisitions

- **All paths to growth require substantial investment**
  - Delays in cause significant cost growth with no chance for return
    - Costs may involve lost jobs not just dollars
    - Less money for R&D
    - Resources are always a limitation
      - Programs may be not bid due to conflicts

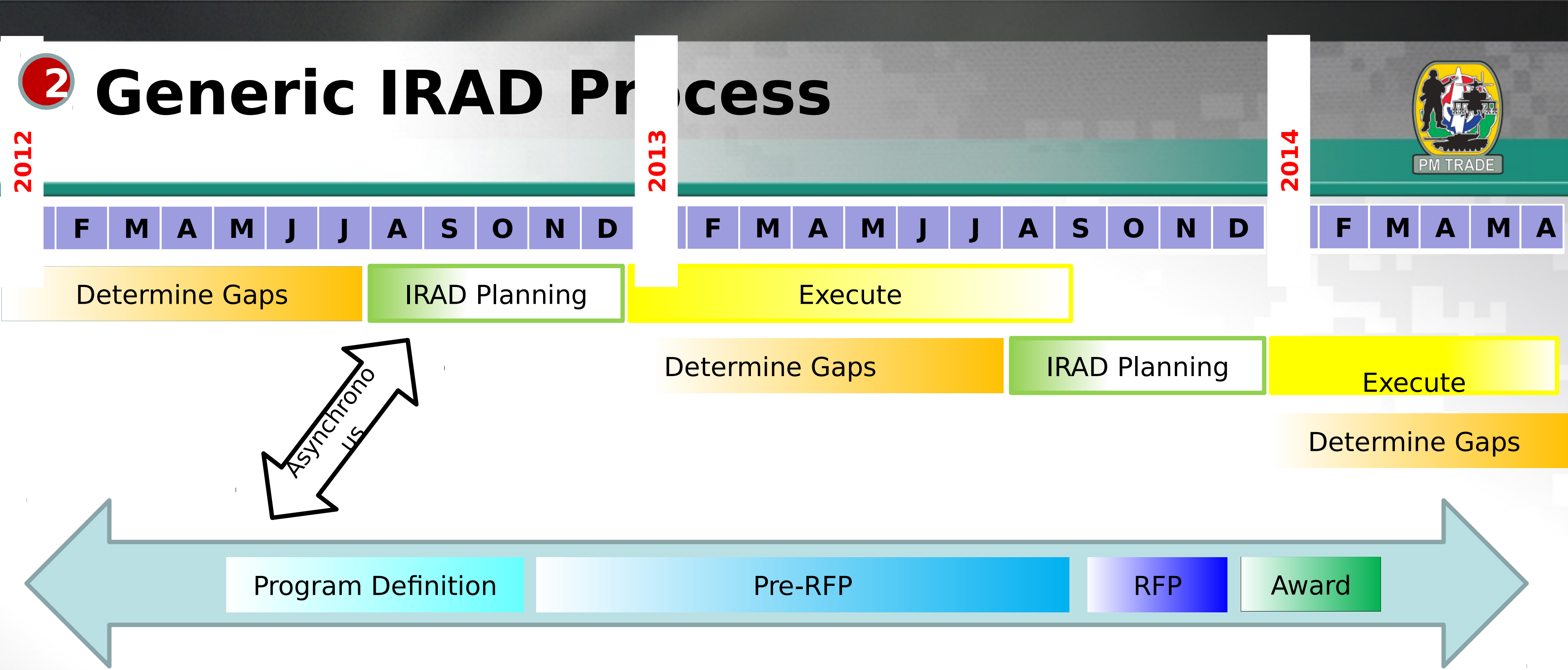


Industry Business Planning- Proposals

PM TRADE

- Timing is linked to Revenue and Award goals
- Value linked to pipeline growth
  - De-rated by Probability of Win (pWin)
  - pWin established by team, technology, customer relations, overall fit
  - As RFP slides right, revenue slides right and B&P increases
  - As Award slides right, award goals are adjusted right
- Track (opportunity not yet qualified; no RFI, no defined requirements, no funding)
- Pursue (only after approval at BSC with B&P requirements and anticipated ROI presented and approved)
- Capture (after RFP … authorized expenditure of B&P)
- Proposal Costs Vary
  - Fixed Price Reviews – must go to higher for above $30 million (Delta BARS required if the proposal varies by 5%)
  - Cost reimbursable not as stringent
  - Even “small” program B&P can easily exceed $0.5 M

Generic IRAD Process



- **IRAD is an Annual Process**
  - Typically planned in the fall for the following year
- **Not allowed to perform IRAD for an existing contract requirement**
  - Need to know your needs in time for IRAD Planning
  - Need time to Execute so new capabilities are available to propose
  - Asynchronous timing of programs to the Industry IRAD annual cycle means that information is needed **at least** 18-24 months Pre-Award to effectively leverage Industry IRAD investment



IRAD Process – Help Us Help You



2012												2013												2014											
J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D

Executing
Current Year Programs

Planning
Next Year's Programs

Forecasting
Two Year's Out

You are Here

Determine Gaps → IRAD Planning & Budgeting → Execute IRAD Programs → Program Opportunity Impact Window

Determine Gaps → IRAD Planning → Execute

Determine Gaps → IRAD Planning

How can you leverage the $3B+ industry invests annually?

Early and Stable Customer Requirements Insight is Imperative For Industry to Build an Effective IRAD Program



Industry Capture & Proposal Processes



Bottom Line Up Front

Open & Consistent Communication Between Industry and our Government Clients is a Must !

Industry:

- ***is strategically focused with deliberate business planning cycles***
- ***has a disciplined business development & Proposal processes***
- ***uses gate controls just like Army Acquisition Milestones***
- ***needs to make the right staffing decisions to meet Customer's needs***

Business Developme nt Life-Cycle

- Understand Business Strategy
- Develop Account Plans
- Identify Opportunitie s
- Qualify Opportunities
- Conduct Competitive Assessment
- Develop Capture Strategy & Teaming
- Develop and Execute Capture Plan
- Develop Proposal Strategy
- Build Proposal Plan
- Analyze RFP
- Outline/ Blueprint Proposal
- Write and Revise Proposal
- Produce and Deliver Proposal
- Conduct Post Proposal Submission Activities
- Perform Work and Prepare for New or Follow-on Work



Industry Capture & Proposal Processes



	1	2	3	4	5	6
Gov. Phases	Plan, Program, Budget, Req. Dev	Acq Planning, Req. Definition	Market Research, Finalize Requirements/Pre-Solicitation	Industry Meetings, Draft RFP Release	Final RFP Release	SSEB, Negotiations, Award, Debrief
Industry Phases	*Long Term Positioning*	*Opportunity Assessment*	*Capture Development*	*Pre-Proposal Preparation*	*Proposal Dev.*	*Post Submittal Activities*
Sample Activities	• Develop Marketing Campaign • Establish Criteria Define new Business Opportunities • Build Relationships • Target Specific Opportunities & Re-Competes • Make Interest Decision and assign Capture Leads	• Gather Data on Opportunity • Client Interactions & Meetings • Understand Basic Customer Requirements • Define Probable Competitors • Identifying potential Teaming Partners • Analyze	• Establish Capture core Team • Develop Capture Plan & Win Strategy • Extend Customer Contacts and meetings • Support Client Requirements Analysis, Definition and Refinement • Develop Capture/Proposal Budget • Develop initial Solutions • Collaborate with Client on Potential Solutions • Conduct Teaming Discussions and begin lock in ofTeaming	• Extend Client Contacts and meetings • Develop Proposal Strategy & Team • Detailed Proposal Budget & Resources • Continue Client Support to refine requirements • Finalize Solution Sets • Receive, Review and Respond to Draft RFP • Proposal Kick Off Meetings	• Impose Solution Freeze • Finalize WBS • Write and Finalize Proposal Volumes • Conduct Final Green (Cost) Teams • Conduct Red Teams • Compliance & Legal reviews	• Respond to Client Questions & Clarifications (If Required) • Conduct Discussions (If required) • Conduct Orals (If Required) • Respond to BAFO / Revised Pricing (If Required) • Prepare & Implement Transition Plan • Request and attend Debriefs
Sample Outputs	• Marketing Campaign Plan • Interest / No Interest Recommendations & Decisions	• Pursue / No – Pursuit Brief and Decision	• Capture Plan • Client RFI / SSN Responses • White Papers • Technical Papers • Client Presentations • Strategic Hires • Preliminary Base Line Solutions / Designs • Client Analysis • Competition Analysis • Teaming Agreements • Bid / No-Bid Decision	• White Papers • Technical Papers • Client Presentations • WBS • Final Teaming • Proposal Outline • Initial Proposal Drafts • Initial Pink Team Review	• Proposal Delivery	• Oral Presentations • Final Proposal • Negotiate Contract • Debrief Report • Lessons Learned (Win or Lose) • Hold Victory Party • Contract Kick-Off • Begin Work
Time Frames	Cyclical / Iterative	1 - 3 Months	3 - 12 Months	1 - 6 Months	1 - 3 Months	3 - 6 Months



Typical Proposal Team Organization



Operations Decision Manager

Business Development Manager

As process progresses, personnel assigned to the Program Manager might also work for the Proposal Manager

Capture Manager

On smaller efforts, one person might fill several roles within the Organizational Chart

Review Team Lead

Cost Strategist

Capture Management Support and Proposal Leadership Group

Contracts Lead

Develops:
Win Strategy
Capture Plan
Price to Win

Subcontract Manager

Subcontract Administrator

Program Manager

Proposal Manager

Technical Manager

Admin Assistant

Proposal Coordinator

Admin Assistant

Manufacturing Lead

Program Scheduler

Production Team

Pricing Lead

Integrated Product Team Leads (IPT)

Management BOE Lead

Engineering BOE Lead

Manufacturing BOE Lead

Management Volume Lead

Technical Volume Lead

Past Performance Volume Lead

Cost Volume Lead

Defines Solution

Prepares Proposa

Important to note that a company will often have multiple proposals in process at one time.



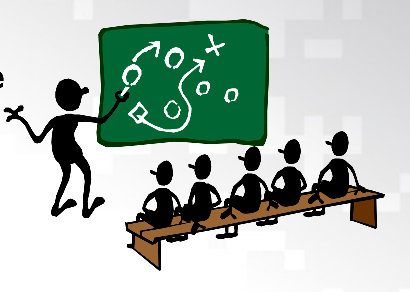
Teaming Window of Opportunity



Teaming is critical to Optimizing Solutions and Creating Industrial Base

Prime
- Fill Gaps based on Requirements
- Supplement Resources
- Capture/Share/Manage Risks

Teammates/Subs
- Support in accordance to work share
- Furthering team's capabilities



TYPICAL PROPOSAL TEAM on $20-$40M RFP ($500K-$2M B&P per team)
- **15-25 People (Prime + Partners) – Proposal Manager, PM, Engineers, SMEs, Finance, Contracts, etc – <u>FULL TIME!</u>**
- **2-3 Partners**

Teaming Window

Industry Stands up Full Proposal Team

Government releases Draft RFP

Advertised RFP release

Proposal Team

Government releases RFP

Teaming Issues of Requirement Flux
- Proposal cost increases
- Teammates/Subs may be reluctant to commit to Prime
- Prime reluctant to commit work share
- May require changes to team structure

Teaming Issues of Schedule Flux
- Proposal cost increases
- Proposal team key personnel availability affected (Challenge to hold Personnel, both for Prime and Subs)
- Team disappointment



Cause and Effect



SOW
- Unclear
- Incomplete
- ...te Changes

Specifications
- Unclear
- Weighting of (O)(T)
- Timely Q&A

RFP Documents (Sections A-M)
- L, M Vague
- Illogical CLINs
- Demo Criteria
- Late Release

Acquisition Timeline
- Not Published
- Slips
- Too Short

What — We are buying

Complementary Documents

How — We are buying it

Impacts on Industry
1. Increased Costs
2. Profits erode
3. Discretionary Declines
4. Rates Increase
5. Lose Tech/$$ Edge

Impacts on Govt
1. Inconsistent Offerings
2. Larger Price Ranges
3. Higher Prob of Protests
4. Increased Eval Time
5. Fielding Delays
6. Fewer Bids
7. Govt Pays more

1. Stable and predictable milestone dates
2. Accurate and consist information
3. Predictable Draft to Final RFP Content

CRITICAL TO EFFECTIVE PROPOSAL PLANNING AND EXECUTION



Proposal Development Process
Reviews and Review Discipline



4-6 Month Process

Target Qualification → **Capture Planning and Strategy Development** → **Opportunity Positioning** → **Proposal Production** → **Post-Submittal Substantiation & Transition**

Black Hat | Gold Team | Blue Team | Storyboard | Pink Team | Red Team | EN Response Red Team

Black Hat - External review of competitors that helps us predict and understand competitor strategy, our vulnerabilities, and appropriate actions

Gold Team - Internal or external validation of our Win Strategy including Key Messages (Themes), Discriminators, and Our Conceptual Solution. Recently decomposed into Value Prop Workshop and Technology Workshop, leading to Gold Milestone

Blue Team - External review of Win Strategy implementation including Key Messages (Themes), Discriminators, and Our Solution. Blue Team and Storyboard review are often identical

Storyboard Review - Internal review of section requirements, objectives, themes, and key graphics – Predecessor to full proposal development

Red Team - External review of the initial draft of our proposal (or response to questions) to ensure effective communication of win strategies and compliance with customer requirements

White Team - Final executive review

Pink Team - Internal review of the initial draft of our proposal to ensure effective communication of win strategies and compliance with customer requirements

Color Reviews



Timeline T-30/45 Days to RFP release



Pre RFP Release Preparation 2-6 Months

- Initial Assessments - Sources Sought
- Business Case Analysis - ROI
- Pursue / No-Pursue
- Proposal Team Identified -On Notice-

Draft RFP Release

Core Proposal Team On Site

First 10 Days after Draft RFP Release

Analyze RFP, Strip Rqmts
Prep for Kickoff
- Outlines
- Assignments
- Proposal Sch
- Program Sch

Draft Exec Sum

Proposal Strategy

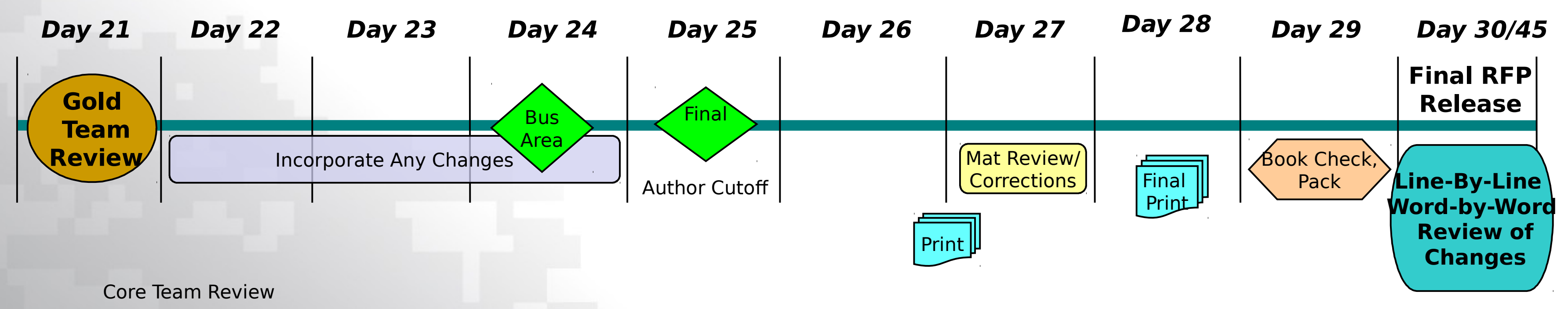
Bid / No-Bid

Business Case Analysis - ROI

Initial Cost Estimates

Day 11 | Day 12 | Day 13 | Day 14 | Day 15 | Day 16 | Day 17 | Day 18 | Day 19 | Day 20

- Black Hat Review
- Technical Approach
- Solidify Team Mates
- Proposal Development Schedule
- Draft Win Themes - Proposal Outlines
- Draft Proposal
- Draft Layout
- Print



Typical 30-Day Proposal Due timeline



4

Day 1 | *Day 2* | *Day 3* | *Day 4* | *Day 5* | *Day 6* | *Day 7* | *Day 8* | *Day 9* | *Day 10*

RFP

Day 1: Core Proposal Team On Site

Day 2: Exec Sum
Analyze RFP
Strip Rqmts
Prep for Kickoff
- Outlines
- Assignments
- Proposal Sch
- Program Sch

Day 3: Kick Off
Full Proposal Team On Site

Day 4: Bid Decision

Day 5: Set PTW
Dist. DTCs

Day 6: Story board
Blue Team Review

Write Proposal in 7 days – –

Proposal Win Themes, Technical Approach, and Content Flow Complete

Day 8: DTC Commit

Day 10: Initial Cost Rollup

Day 11 | *Day 12* | *Day 13* | *Day 14* | *Day 15* | *Day 16* | *Day 17* | *Day 18* | *Day 19* | *Day 20*

Day 13: Author Cutoff
Q-Print
Core Team Review

Day 14: Print

Day 15: Pink Team Review

Day 16–18: Incorporate Any Changes

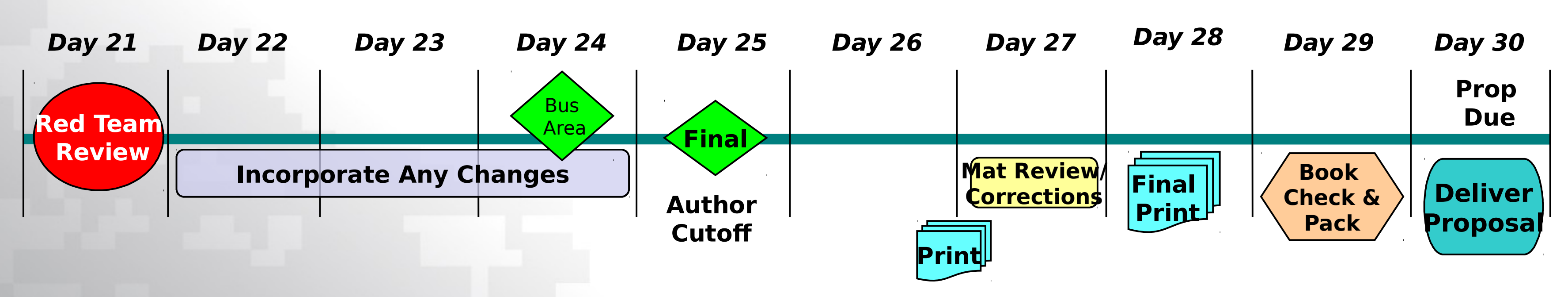
Final Cost Rollup

Author Cutoff

Day 19: ITA
Q-Print

Day 20: Layout
Print

Core Team Review

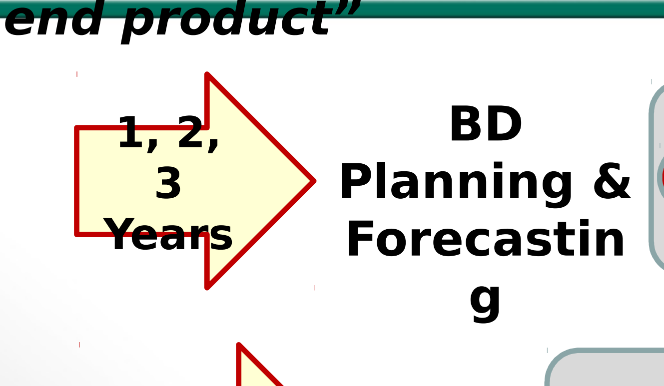


Core Team Review

Summary & Take Away

“The more informed we are, the better our proposal and end product”





1, 2, 3 Years — **BD Planning & Forecasting**

1 Brian Domian, Al Funderburk

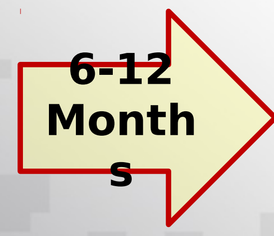
- ✓ **Communicate with Industry Early and Often**
- ✓ **Be Consistent**



2-3 Years — **IR&D**

2 Roger McNicholas, John Olson

- ✓ **Include Industry in Requirements Planning**



6-12 Months — **Proposal Planning & Teaming**

3 Wayne Cline, Mark Saturno

- ✓ **Release Draft Technical <u>and</u> Business Case Info. (B, L, M) Early**



2-3 Months — **Proposal Development**

4 Tony Bradley, Barry Clinger

- ✓ **Answer Questions Promptly**
- ✓ **Be Consistent**